



Inflation Expectations Survey¹

(IES)

Survey Month: February 2019

¹The reported survey findings represent the views of respondents.

1. **The Bank of Mauritius carried out its 42nd Inflation Expectations Survey in February 2019.** Out of 50 stakeholders randomly chosen from the financial and real sectors of the economy, 41 responded to the survey. Hence, the findings are based on these 41 responses.
2. **With regard to the 2.8 per cent headline inflation rate² recorded for January 2019,** 78.0 per cent of respondents considered this rate as being appropriate. 19.6 per cent deemed this rate as being low, while 2.4 per cent of them viewed it as being high.
3. **With regard to three major factors underpinning the current inflation environment,** 80.5 per cent of respondents indicated that external factors were the primary source of inflation in Mauritius. *Change in exchange rates* and *Change in aggregate demand* were regarded more or less at par as being the other key factors.
4. **Respondents were requested to provide their expectations of headline inflation for June 2019, December 2019 and a year ahead.**
 - **June 2019:** 73.2 per cent of the respondents were expecting the inflation rate to be below 3.5 per cent, while 26.8 per cent of them were anticipating the inflation rate to be between 3.5 per cent and 4.0 per cent.
 - **December 2019:** 51.2 per cent of the respondents were expecting the rate of inflation to be below 3.5 per cent, while 41.5 per cent of respondents were anticipating the inflation rate to range from 3.5 per cent to 4.0 per cent. 7.3 per cent of respondents were envisaging an inflation rate of over 4.0 per cent.
 - **A year ahead:** 51.2 per cent of respondents were expecting the rate of inflation to be below 3.5 per cent, while 41.5 per cent of respondents were anticipating the inflation rate to range between 3.5 per cent and 4.0 per cent. 7.3 per cent of respondents were expecting an inflation rate of over 4.0 per cent.

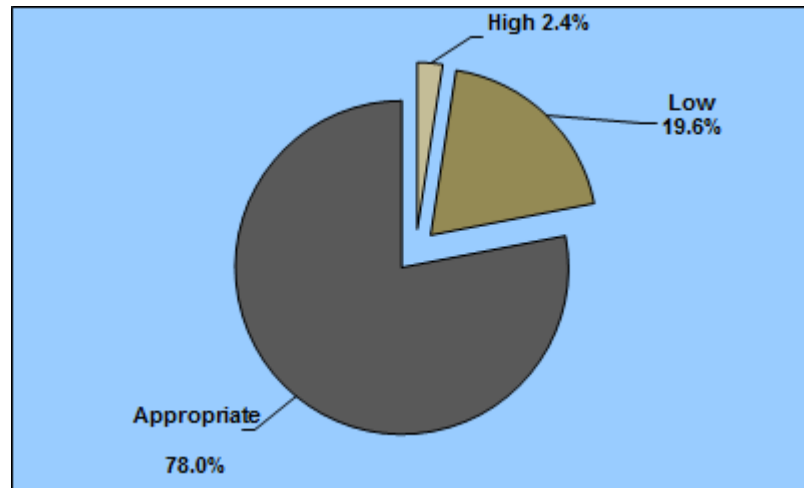
²Headline inflation is measured by comparing the average level of prices, as measured by the CPI, during a twelve-month period with the average level during the corresponding previous twelve-month period.

5. **The mean headline inflation rates expected by respondents were** 3.0 per cent for June 2019; 3.2 per cent for December 2019 and 3.3 per cent a year ahead (i.e. January 2020)

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Graphical representation of responses

QI.1. Headline inflation for the month of **January 2019 was 2.8 per cent**. Do you perceive this rate to be.....?



QI.2. Which of the following factors account for the current inflation pattern? (Ranking in order of importance starting with 1 for most important)

| Factors | Rank(starting with 1 for most important) | | |
|----------------------------|--|----|----|
| | 1 | 2 | 3 |
| Fiscal policy | 0 | 2 | 2 |
| Change in interest rates | 1 | 2 | 1 |
| Change in exchange rates | 2 | 21 | 7 |
| External factors | 33 | 5 | 1 |
| Change in aggregate demand | 2 | 7 | 21 |
| Wage policy | 1 | 2 | 5 |
| Domestic supply shocks | 2 | 2 | 4 |

QI.3. What is your expectation of headline inflation in **(a) June 2019, (b) December 2019** and **(c) a year ahead?**

